

Message Text

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E. O. 11652: N/A

TAGS: EGEN, BDIS, NU

SUBJECT: ORPHAN'S HOME SPARKS CONSTRUCTION CONTROVERSY

1. SUMMARY: AN APPARENTLY SIMPLE BIDDING PROCESS TO SELECT THE BUILDER OF AN ORPHANS' HOME IN MANAGUA IS TURNING INTO AN EXCEPTIONAL PUBLIC CONTROVERSY BETWEEN THE PRIVATE SECTOR AND THE GON. THE CHAMBER OF CONSTRUCTION, WITH THE BACKING OF AN EXECUTIVE COUNCIL REPRESENTING ALL OTHER BUSINESS CHAMBERS, HAS ACCUSED THE NATIONAL BOARD OF WELFARE AND SOCIAL ASSISTANCE WHICH AWARDED THE CONTRACT, OF IMPROPER ACTIONS. TRIUMVERATE MEMBER DR LOVO CORDERO, WHO REPRESENTS THE WINNING FIRM, PANELFAB OF MIAMI, IS BEING ACCUSED OF CONFLICT OF INTEREST IN THE CASE. END SUMMARY.

2. ON APRIL 16, 1973, THE NATIONAL BOARD OF WELFARE AND SOCIAL ASSISTANCE, HEADED BY HOPE SOMOZA, CALLED FOR BIDS FOR THE CONSTRUCTION OF AN ORPHANS HOME TO REPLACE ONE DESTROYED ON DECEMBER 23, 1972. WHEN THE BIDS WERE MADE PUBLIC ON JUNE 25, DR LOVO'S FIRM PAISA, REPRESENTING PANELFAB OF MIAMI, WON WITH A BID OF 8,090,923 CORDOBAS. SINCE PAISA WAS UNDERBID BY THREE OF THE OTHER FOUR COMPETING COMPANIES, INCLUDING A LOW BID OF 3,772,251 CORDOBAS BY AN ESTABLISHED LOCAL COMPANY, THE CHAMBER OF CONSTRUCTION JOINED THE LOW BIDDER IN AN IMMEDIATE PUBLIC PROTEST.

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3 . IN THE FEW DAYS SINCE THE BID WAS ANNOUNCED, THE CHAMBER OF CONSTRUCTION HAS BEEN PUBLICLY SUPPORTED BY THE PRIVATE ENTERPRISE SUPERIOR COUNCIL AND BY OPPOSITION NEWSPAPER LA PRENSA. DR LOVO HAS DEFENDED HIMSELF BY REFERRING TO HIS REPUTATION FOR HONESTY AND HAS DENIED EVER APPROACHING JNAPS OR DONA HOPE FOR SPECIAL CONSIDERATION. HE ALSO STATES THAT THE QUALITY OF PANELFAB JUSTIFIES THE PRICE AND PROBABLY EXPLAINS WHY HIS COMPANY WON WITH A HIGH BID. THE LOW BIDDER NATURALLY DENIES THE QUALITY DIFFERENCE, WHILE THE CHAMBER OF CONSTRUCTION ARGUES THAT THE HIGH QUALITY APPARENTLY DESIRED BY JNAPS WAS NOT STATED IN THE BID SPECIFICATIONS.

4. COMMENT: THE CHAMBER OF CONSTRUCTION HAS BEEN PUSHING HARD FOR PUBLIC BIDS IN THE RECONSTRUCTION PROCESS, LARGELY DUE TO FEARS THAT NEWLY- CREATED CONSTRUCTION COMPANIES WITH GOOD POLITICAL TIES WOULD MOP UP THE GRAVY OF RECONSTRUCTION BUILDING. SUCH FIRMS AS DR LOVO'S PAISA, WHICH SPECIALIZED IN AGRICULTURAL MACHINERY BEFORE THE QUAKE, AND GENERAL SOMOZA'S NEW CONSTRUCTION FIRM CASANICA, ARE SEEN AS PRIME THREATS BY THE MEMBERS OF THE CHAMBER.
SHELTON

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